Improvement in functioning of banks

1439. SHRI S. ANBALAGAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government have initiated any steps to bring improvement in the functioning of public sector banks to match international standards;

(b) if so, the details thereof and the achievements made thereon;

(c) whether it is a fact that public sector banks still lack the best international practices and lag behind the best banks of the world in work ethics and variety of products and services offers; and

(d) if so, the details of the concrete steps proposed to be initiated in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) The Reserve Bank of India has prescribed measures for strengthening* of prudential supervision coupled with wide ranging steps undertaken by the Government to improve the health of the banking sector. After initiation of reforms in early 1990s, financial performance of the banking sector in general and public sector banks in particular has improved significantly. Balance sheet and profitability indicators *viz.* Funding Volatility Ratio, Return on Assets, Net Interest Margin, Post Income Ratio, NPA Ratios, Provisioning and Classification norms for NPAs, Capital Adequacy Ratio etc. suggest that the Indian banking sector now compares well with the global benchmarks. To facilitate quick and efficient decison-making and to provide them an elbowroom to be able to compete internationally, the Government has announced an Autonomy Package on 22.02.2005 for the public sector banks. Further, the Government has put in place a mechanism to monitor the performance of all public sector banks on the basis of the 'Statement of Intent on Annual Goals' submitted by them.

NPAs of Indian Bank

1440. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that banks like Indian Bank are unable to interact with debtors and settle NPAs over long periods of time;